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UNCLAS SECTION 01 OF 04 UNVIE VIENNA 000350

SENSTIVE
SIPDIS

STATE FOR P, T, ISN, EEB, IO/T
DOE FOR NNSA - GOOREVICH, OEHLBERT
NRC FOR OIP - DOANE
NSC FOR SCHEINMAN, CONNERY

E.O. 12958: N/A

TAGS: [ENRG](#) [PREL](#) [TRGY](#) [KNNP](#) [IN](#) [JP](#)

SUBJECT: US-India Meeting on Arrangements and Procedures for Reprocessing of US-obligated nuclear material, Day One

¶1. (U) A U.S. delegation from State (ISN and L) and DoE/NNSA met at UNVIE July 21-22 with Indian counterparts for initial exchanges on a prospective agreement addressing future Indian reprocessing of nuclear material pursuant to our bilateral Agreement for Cooperation Concerning Peaceful Uses of Nuclear Energy. Charge attended at the outset of talks; A/DCM and Mission notetaker were present throughout. Full participants list at para 22.

Opening Remarks/US Explanation of the Draft

¶2. (SBU) Richard Stratford (State/ISN) informed the Indian delegation that the purpose of the draft agreement was to fulfill the requirements of Article 6(iii) of the US/India Agreement for Cooperation for completion of programmatic approval for reprocessing US-controlled nuclear material. The arrangements and procedures agreement, in addition to setting safeguards standards, would provide a means to answer key questions Congress would ask with regards to ensuring the appropriate level of security and safeguards applicable to plutonium produced at an Indian reprocessing plant. The best method to provide this assurance was through guarantees that India would follow the safeguards arrangement that Japan had implemented at Rokkasho, in which the U.S. and the IAEA have high confidence. The U.S. drafted the document on Arrangements and Procedures by examining the safeguards at Rokkasho, as detailed in a Department of Energy paper ("Reprocessing Plant Safeguards in the Context of Agreements for Peaceful Nuclear Cooperation"). In the interest of full disclosure, Stratford also informed the delegation that he had shown the draft to two IAEA officials, one senior level, (neither further identified), and that the officials had helpfully suggested that the draft avoid being prescriptive of the safeguards relationship between the IAEA and India, but rather descriptive, allowing the IAEA to request and receive what it needed to apply effective safeguards. The Indian side thought that consulting with the Agency was a helpful step and proceeded to request a meeting for the following day with the DDG/Safeguards Heinonen to pursue their own consultations.

¶3. (SBU) Dr. Ravi Grover, head of the Indian delegation, first sought to clarify the nature of the meeting, based on his understanding following signing of the Agreement on Cooperation that an informal meeting would occur to exchange concepts and ideas, prior to a formal meeting to work through specific language. Stratford noted that time was short to meet the six-month deadline established by the Agreement for Cooperation for opening negotiations, and whether one called the meeting formal or informal, the important point was that the U.S. was not dragging its feet and wished to conclude the reprocessing agreement as soon as possible, and well within the one-year deadline for completing negotiations.

India's Initial Concerns

¶4. (SBU) Grover's initial concerns with the draft included: the need for acknowledgement of India's military nuclear facilities outside of safeguards; the possibility that safeguards would make reprocessing prohibitively expensive and thereby impact the economics of India's growing fast breeder reactor program; and, the desire for greater use of previously vetted language from India's safeguards agreement with the IAEA. Stratford indicated in response that the U.S. had no intention of affecting India's nuclear activities outside of the agreement. He suggested that the Indian delegation speak with the Japanese about the cost of implementing safeguards at Rokkasho, and noted that other countries have agreed to complex safeguards arrangements. With respect to use of India's safeguards language, Stratford noted that it may be appropriate in some cases and the U.S. side would look at it, but if the Indian side merely wanted to quote from India's INFCIRC/66 basic safeguards agreement, that would not be sufficient, as reprocessing safeguards are much more recent and much more complicated than the reactor safeguards detailed in India's existing agreement with the IAEA.

U.S. Walkthrough of the Agreement

¶5. (SBU) Stratford provided the Indian delegation with background on the selection of language for several key parts of the document. Article 6 (management of separated plutonium) was not intended to impact negatively India's fast reactor program, but to ensure the

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separated plutonium was guarded sufficiently. Article 7 (suspension of programmatic consent) followed from Article 14.9 of the Agreement for Cooperation and was modeled on language used with EURATOM. Circumstances for suspension given in the EURATOM case included a serious threat to U.S. security or increased proliferation risk following from acts of war, internal disturbances leading to a threat of war, or a party becoming subject to IAEA sanctions.

¶6. (SBU) With respect to Article 2 (substance of IAEA safeguards), Rich Goorevich (DOE/NNSA) emphasized that implementation of safeguards in the design phase is cost-effective, per India's concerns. Stratford emphasized the importance of Article 2.2.c.vi (the need for an annual cleanout inventory) and noted for illustrative purposes a past problem with MUF at a plutonium facility in Japan. Grover expressed concern with the limitations of instrumentation if the cleaning required emptying of tanks, but Jon Sanborn (State/ISN) clarified that the cleaning would require moving solution to a container in which the plutonium content could be measured, not removing all materials from the facility.

Indian Concerns about Shared Instrumentation

¶7. (SBU) With respect to Article 2.b.iv (shared instrumentation), Grover indicated that India would provide process control instrumentation, but expressed concern about shared instrumentation - specifically, that it would impose financial burden on India and limit plant capacity. He indicated that India would provide the IAEA with the location for the instrumentation and help the IAEA to install it, but the IAEA should provide its own instrumentation. Stratford in response indicated that the financial matters should be discussed between India and the IAEA and suggested that India speak with Japan about the safeguards at Rokkasho. Sanborn noted that instrumentation sharing was a cost reduction issue. Grover noted also that India would examine the possibility of providing the IAEA with the data from India's instrumentation.

India's Concerns with Disclosure of Physical Security Details

¶8. (SBU) Grover noted that physical protection issues are very sensitive in India and emphasized the importance of maintaining

confidentiality of information. He was specifically concerned about references to "consultation" in 1.1.e, 4.1, and 4.2(consultations on physical protection and storage). Grover indicated there would be intense discussion in New Delhi on the issue.

¶9. (SBU) Stratford described, by way of example, the U.S. small-team visits to countries in order to review physical security and provide recommendations on upgrading physical protection for nuclear facilities - discussions which are welcomed by our cooperating partners. Goorevich also emphasized the importance of nuclear security to the Obama Administration, in light of the need to provide some guarantee that the material would be properly protected. Stratford later suggested that the U.S. take the lead in drafting an Agreed Minute to address the issue. Grover indicated that the Minute should also address his concern with the language regarding physical security "standards" in Article 1.1.e (notification to the U.S.).

Article 7: Request to Include Financial Compensation

¶10. (SBU) Grover expressed concern with the absence in Article 7 of financial compensation for a suspension of the Arrangements and Procedures. Specifically, he indicated that a suspension lasting more than several days would impact plant operation, based on the small amount of material stored on site, and could therefore impact fuel fabrication and electricity production at the reactors (more specifically fast breeder reactors) using MOX fuel. Grover also indicated a need to further coordinate 7.1 (suspension of programmatic consent) with New Delhi. Stratford indicated he would work on new language to address the compensation issue and emphasized that the U.S. used the same language with EURATOM, a close ally.

Article 5: Request to Address Finality

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¶11. (SBU) Grover also expressed concern that the Arrangements and Procedures did not appear to have finality in terms of the relationship, specifically in light of Article 5 (i.e., the language calling for a working group on environmental protection, which suggested unending discussions). Both sides worked to modify Article 5 to read as follows: "The Government of India shall follow best practices, as established in its national regulations, for minimizing impact on the environment from any radioactive, chemical, or thermal contamination which may arise from the operation of the facility." Stratford encouraged the Indian delegation to consider the full set of possible environmental concerns to which the new statement could apply.

Indian Concerns about Application to Future Facilities

¶12. (SBU) Grover also expressed concern on a general level that the Arrangements and Procedures addressed only a single facility, although the lifespan of a reprocessing plant is far shorter than that of a reactor and therefore another plant would become necessary in the future. Stratford offered to consider language indicating that the conditions of the document would apply to follow-on or other facilities constructed under the same circumstances and subject to IAEA safeguards in perpetuity. However, that may depend on whether the DOE "subsequent arrangement" can address multiple facilities or whether a submission of the arrangement to Congress can deal with only one facility at a time. Stratford also expressed the importance of applying safeguards that are state-of-the-art at the time a follow-on facility is constructed, noting that the safeguards being agreed to today (for use, notionally, ten years from now) may be totally out of date thirty years from now.

Article 3: Indian Desire to Limit Consultations

¶13. (SBU) Grover expressed concern with Article 3 (a simple

agreement to consultations at the request of either Party), which the U.S. delegation felt demonstrated a desire by India not to have to interact with U.S. officials on any subject at any time, unless at India's request. Stratford indicated that he expected requests for consultations to be limited in practice, but that either side might request it from time to time. He emphasized that Article 3 is a simple mechanism and recommended that it remain unchanged. Grover suggested the following rewrite: "The Arrangements and Procedures will be implemented in accordance with the provisions of 12.1 of the Agreement for Cooperation. Consistent with Article 13 of the Agreement for Cooperation, the Parties undertake to consult at the request of either Party regarding the implementation of these Arrangements and Procedures to avoid delaying, hampering, or hindering the peaceful nuclear program of the Government of India or its peaceful nuclear cooperation with third countries." Stratford indicated the U.S. would consider the change, but that the language appeared over-drafted and Washington may feel it suggests a "large amount of suspicion."

Other Questions from Indian Delegation

¶14. (SBU) Grover noted that Article 6 (management of separated plutonium) appeared to be intrusive and asked that the reference to budgetary requirements be deleted. He accepted Stratford's suggestion of rewriting the text to delete the reference to budget considerations but retaining the agreement to manage plutonium in ways that prevent proliferation, protect the environment, workers and public, and balance supply and demand.

¶15. (SBU) Grover asked whether provision of design information, as per Article 2 (substance of safeguards) would create a problem with Intellectual Property Rights, as well as a possible proliferation concern; Stratford indicated that the IAEA would keep such information confidential.

¶16. (SBU) Grover questioned the lack of specificity in the phrase in 2.2.b.ii on maintaining an accounting system that conforms to "international standards" (what standards?). Stratford changed it to "...accounting system as determined by the Agency..."

¶17. (SBU) In Article 2.2.a.iii (in-process material measurement), Grover sought to change "minimization" to "optimization" to better

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account for the fact that safeguards was one of many elements considered during facility design. He indicated the need to consult with New Delhi with regards to language on recycling and solution mixing. Stratford said he would look at it.

¶18. (SBU) Grover sought clarification on the meaning of "type" in Article 1.1.a; Stratford clarified that the term referred to PUREX, aqueous, or other processes. The specific type of reprocessing technology must be known in order to develop proper safeguards.

¶19. (SBU) Grover noted that reference to INFCIRC 153 was unacceptable to India, given that India's safeguards agreement followed from INFCIRC 66. Stratford noted that any reference could be changed easily. (Note: The draft text under discussion contained no such reference. End Note.)

¶20. (SBU) In summary, Grover indicated Article 2 would be discussed at a later date. He approved 1.a, 1.b, and 1.d, noted that he had already provided edits on 1.e. and would have to discuss 1.c with New Delhi.

Assessment and Next Steps

¶21. (SBU) The delegations agreed to meet the next afternoon, following India's meeting with the IAEA DDG/Safeguards. Overall, USDEL was pleasantly surprised with the first day's results. The meeting started with the Indian delegation seemingly unable to get into specific language. However, after multiple assurances that the U.S. side wants to finish the agreement quickly, and a lunch break call to New Delhi, the Indian del proceeded to work through all of

the text except for the preamble (suggestions to come later) and the safeguards article (India needed to talk to the IAEA). Stratford suggested that progress would come even faster if we held a trilateral meeting with the IAEA, as the U.S. had done with Japan and the IAEA and with Russia and the IAEA (the Trilateral Initiative). Grover liked the idea and said India would consider it. The sides agreed to reconvene on the afternoon of July 22.

Participants

¶22. (U) Indian Delegation:

Dr. R. B. Grover, Director, Knowledge Management Group,
Bhabha Atomic Research Centre (BARC)

Shri S.Basu, Associate Director, NRG, BARC

Dr. K.L.Ramakumar, Head RACD, BARC

Shri A.Gitesh Sarma, JS(ER), DAE

Shri Ranajit Kumar, SO/H, CnID, BARC

U.S. Delegation

Dick Stratford, ISN/NESS

Julie Herr, L/NPV

Jonathan Sanborn, ISN/MNSA

Rich Goorevich, DOE NA-

Sean Oehlbert, DOE NA-

David Jonas, General Counsel

UNVIE A/DCM Mark Schelard

Notetaker: Lisa DeKeukelaere

¶23. (U) USDEL cleared this report.

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